



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0273	Title:	Revise motor vehicle registration laws
Primary Sponsor:	Mendenhall, Scott	Status:	As Amended - Revised.

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|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$344,079	\$0	\$0	\$0
Revenue:				
General Fund	(\$2,665,604)	(\$5,379,682)	(\$5,508,794)	(\$5,641,005)
Net Impact-General Fund Balance	<u>(\$3,009,683)</u>	<u>(\$5,379,682)</u>	<u>(\$5,508,794)</u>	<u>(\$5,641,005)</u>

Description of Fiscal Impact:

This bill has been amended to have an effective date of January 1, 2008; therefore there will be no legacy system changes. This proposal changes the registration date for motor vehicles, trailers, semi-trailers, or pole trailers from when ownership is transferred to being based on when a vehicle was first registered. Under this proposal the vehicle registration fees will not be collected when the vehicle ownership is transferred until the vehicle's registration renewal date. Department of Justice (DOJ) estimates there will be additional contract programming costs. DOJ also estimates there will be impact on county revenues from the local option motor vehicle tax.

FISCAL ANALYSIS

Assumptions:

Revenue

1. HB 671, passed by the 2005 legislature, changed the registration date for vehicles from when first registered to when ownership is transferred, effectively eliminating the prorating of fees and taxes.
2. This bill is effective January 1, 2008, changes the registration date for motor vehicles, trailers, semi-trailers, or pole trailers from when ownership is transferred to being based on when a vehicle was first

registered. Under this proposal the vehicle registration fees will not be collected when the vehicle ownership is transferred until the vehicle's registration renewal date.

3. For the purposes of this fiscal note, it is assumed that general fund revenues for motor vehicle registration fees and taxes will decrease by \$5,331,207 in FY 2008 and \$5,379,682 in FY 2009. [see Table 7, Motor Vehicle Taxes and Fees, Volume 2: Revenue Estimates, Governor's Budget, Fiscal Years 2008-2009 – Change Assessment Date to when vehicle changes hands and Eliminating Prorating of fees (which represents half the decrease under the proposed bill, assuming the average was six months)]. Using the growth rate for FY 2009 in HJR 2 of 2.4% for FY 2010 and FY 2011, the estimated impact is \$5,508,794 in FY 2010 and \$5,641,005 in FY 2011.
4. The general fund is estimated to decrease by 50% of the estimated increase in FY 2008, or \$2,665,604 (\$5,331,207 x 0.5), and by the full year amount of \$5,379,682 in FY 2009, \$5,508,794 in FY 2010, and \$5,641,005 in FY 2011.

Costs – Department of Justice

5. Costs for training the county treasurers would be absorbed within the department's proposed base budget.
6. Contractual costs for a programming change order request to 3M/Bearing Point in the amount of \$344,079 for approximately 2,275 hours that would include:
 - Design sessions to redesign Title & Registration calculation routines.
 - Create/update design documentation including cases, business rules, and configuration tables
 - Change calculation of fees, which fees should be calculated, carryover registration credits for new ownership.
 - Create the ability to retain the history for the expiration of the previous owner in a title transfer transaction.
 - Changes to registration periods.
 - Thoroughly test/validate updated code & configuration tables
 - Revise associated documentation, correspondence and reports.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$344,079	\$0	\$0	\$0
TOTAL Expenditures	\$344,079	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$344,079	\$0	\$0	\$0
TOTAL Funding of Exp.	\$344,079	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$2,665,604)	(\$5,379,682)	(\$5,508,794)	(\$5,641,005)
TOTAL Revenues	(\$2,665,604)	(\$5,379,682)	(\$5,508,794)	(\$5,641,005)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$3,009,683)	(\$5,379,682)	(\$5,508,794)	(\$5,641,005)

Effect on County or Other Local Revenues or Expenditures:

1. The proposal changes the registration date from being based on when ownership is transferred to when a vehicle was first registered. Revenue generated from county option taxes is estimated by DOJ to decrease by \$167,000 (half year) in FY 2008 and by \$334,000 in FY 2009, FY 2010, and FY 2011.

Sponsor's Initials

Date

Budget Director's Initials

Date